1996/97
ANNUAL REPORT

Yukon
Government Services

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OVERVIEW

In 1976 the vehicle fleet was transferred to the Department of Government Services from Community and Transportation Services to provide a centralized fleet management program. The program was established to achieve economies of scale and to lower overall fleet costs to government.

In pursuit of continuous improvements to program and service delivery, the feasibility of the special operating agency model was explored. Effective April 1, 1996, the Fleet Vehicle Agency (FVA) received approval to operate as a Special Operating Agency (SOA). The Fleet Vehicle Agency along with the Property Management Agency were the first such agencies to be created within the Yukon government. The SOA concept reflects government's realization of the need for change to a more entrepreneurial, results oriented style of management which would focus on meeting customers' service needs.

Special Operating Agencies are operational organizations within existing departmental structures which deliver services. The SOA operates under an approved charter and business plan. The annual business plan establishes goals/targets for service levels and financial performance.

AGENCY STRUCTURE

The Agency is a program of the Department of Government Services, responsible to the Deputy Minister of Government Services. The day-to-day business of the Agency is managed by the Chief Operating Officer. The Agency Head is the Director, Supply Services Branch.

As a program of the Department of Government Services, the Agency is subject to government legislation, directives, policies and is a contributor to the overall mission, mandate and vision of the department.

SERVICE PERFORMANCE

The Fleet Vehicle Agency, operating as an SOA, has significantly increased the level of service afforded its customers. Accomplishments towards improving customer service in its first year of operation were as follows:

- Long term lease agreements were entered into with all Agency customers. These agreements assured customers that the number and types of vehicles required to support their programs would be available.
- Customized invoicing was implemented to suit each customer's needs.
- All vehicle requests were fulfilled by using third party rental agencies as backup suppliers.
- Agreements were signed with various workshops to ensure quick turnaround for maintenance and repairs, eliminating valuable downtime.
- Statistical and budgetary information supplied by the FVA was customized to suit each customer's requirements.
- Development of an automated information system was begun.

MISSION

The mission of the Fleet Vehicle Agency is:

To help government departments and publicly funded agencies meet their objectives by procuring and managing efficient and affordable ground transportation services.

MANDATE

The Fleet Vehicle Agency is accountable for:

a) Managing delivery of ground transportation services in a business-like manner to ensure that the government's financial resources are used effectively.

b) Meeting the ground transportation needs of its customers by delivering services to them in a customer-oriented manner that enables them to focus on their core business.

c) Meeting the public policy objectives of the Government of the Yukon.

SERVICES

Fleet Vehicle Agency provides services to Departments, Agencies and Corporations. The fleet consists of cars, a variety of trucks, sport utility vehicles and passenger and cargo vans. Vehicles are leased out on long-term assignments or on temporary lease through a common pool.

In addition to vehicle leases, the Agency offers the following fleet services:

- Each vehicle is assigned its own fleet credit card which is honoured by the majority of commercial outlets. The Agency pays for all fuel and accounts for the recovery of various taxes for the Department of Finance.

- The Agency provides for a full maintenance and repair service which includes body damage repairs. These services are supplied through agreements with internal service providers or through contracts with private sources.

- The Agency defines vehicle specifications to suit the needs of its customers.

- The Agency covers the collision costs of its fleet which is recoverable through the charge-out rates.

- The Agency continues to improve its information services. Monitoring usage in conjunction with user departments will assist the maximization of their transportation dollars.

- The Agency works closely with Asset Management on the disposal of fleet vehicles that have reached the end of their life cycle.

OPERATING RESULTS

Fleet Profile

At the start of fiscal year 1996/97, the fleet was made up of 298 vehicles. There were 204 vehicles assigned to customers and 94 in the central pools based in Whitehorse, Dawson City and Watson Lake. No vehicles were replaced in the first year of operation. 49 vehicles were sold, leaving 249 as at March 31, 1997.

Utilization Rates

In 1995/96 each vehicle in the fleet was driven an average of 13,200 kilometers. A performance target of 15,000 kilometers per vehicle was established for 1996/97. The Agency exceeded that target by averaging 15,907 kilometers per vehicle.

Cost Profile

The Agency operates on a fee-for-service basis. The rate structure includes:

a) a charge per kilometer to cover fuel and maintenance costs;

1996/97 operating expenses per kilometer:

Fuel	$0.09
Maintenance	0.06
Total	$0.15

This represents a decrease of 4¢ per kilometer from the Business Plan target of 19¢.

b) a rental rate per day, week, month or year to cover fixed costs such as personnel, administration, vehicle replacements and other operating expenses.

1996/97 rental rate per kilometer:

Personnel & administration	$0.06
Vehicle replacements	0.19
Other operating expenses	0.04
Total	$0.29

This represents an increase of 2¢ per kilometer from the Business Plan target of 26¢.

Overall, the agency collected from its customers 43¢ per kilometer driven. This is a 2¢ per kilometer decrease from the Business Plan target of 45¢. Vehicle replacement costs include depreciation, inflation, and losses due to accidents.

Operation Statistics

Total Kilometers Driven (000's)	3,961.0
Total Vehicle Lease Revenue ($000's)	$1,650.2
All Other Revenues ($000's)	$ 31.6
Total Revenues ($000's)	$1,681.8

Total Number of Vehicles in the Fleet	298
Vehicle Additions	3
Vehicle Disposals	40
Average Return, Net of Disposal Fees ($000's)	22.3
Total Disposal Value ($000's)	$116.2
Total Book Value at Mar 31/97 ($000's)	$1,949.5

Fuel Efficiency

Gasoline costs account for approximately 25% of the agency's expenses. In its first year of operation, fiscal year 1996/97, the fuel consumption target was set at 16 liters per 100 kilometers. The target was reached at 15.9 liters per 100 kilometers. As a large number of old vehicles are replaced with new ones, fuel efficiency is expected to improve.

Fuel Consumption	
Liters (000's)	930.3
Total Fuel Cost	$347.4
Average Price/Liter	$0.55
Consumption per 100 km (liters)	15.9

SUMMARY

The first year's financial results were favourable. The $301,400 profit, along with the $700,000 appropriation, was sufficient to replace older vehicles and permit the Agency to lower the variable rate by 2 cents per kilometer for 1997/98. Leasing rates, however, will increase to allow for inflation. Incorporating the inflation factor in the rate structure will reduce the appropriations necessary to replace fully depreciated vehicles.

The Agency is improving its financial record keeping and reporting system by installing a small business accounting package entitled QuickBooks. The financial information generated by the system will be used in conjunction with the Powerfleet inventory control package installed earlier. Together they form a fully functioning information system.

As the quality and accuracy of the Agency's operating information improves FVA management will be able to reevaluate the kilometer and daily rate charges and reassess the depreciation schedules which currently stand at seven years.

The Agency continues to emphasize its commitment to customer service. Staff will continue to avail themselves of "customer satisfaction and improving customer service" courses as they become available. Likewise, training on the financial accounting package will continue and cross training opportunities will be explored.

Overall the Fleet Vehicle Agency had a very successful inaugural year.

FLEET VEHICLE AGENCY

(A SPECIAL OPERATING AGENCY OF YUKON GOVERNMENT SERVICES)

FINANCIAL STATEMENTS

March 31, 1997

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Fleet Vehicle Agency
(A Special Operating Agency of
Yukon Government Services)
Balance Sheet
As at March 31, 1997
(thousands of dollars)

Assets

Current	
Accounts receivable (note 3)	$ 35
Capital assets (note 4)	1,053
	$1,088

Liabilities and
Accumulated Surplus

Current	
Accounts payable and accrued liabilities	$ 59
Due to Government of the Yukon (note 5)	828
	887
Accumulated surplus	1,001
	$1,888

Legislative compliance (note 6)

Approved

Deputy Minister
Yukon Government Services

Minister
Yukon Government Services

Fleet Vehicle Agency
(A Special Operating Agency of
Yukon Government Services)
Statement of Income
For the year ended March 31, 1997
(thousands of dollars)

Revenue:	
Vehicle rentals and leases (note 3)	$1,650
Gain on disposal of capital assets	31
	1,681
Expenses:	
Vehicle service and repairs (note 3)	256
Registration and communications	13
Fuel	347
Vehicle rentals	132
Contract services (note 3)	31
Salaries and administration	190
Amortization	411
	1,380
Net income for the year	**$ 301**

Fleet Vehicle Agency
(A Special Operating Agency of
Yukon Government Services)
Statement of Changes in Financial Position
For the year ended March 31, 1997
(thousands of dollars)

Operating activities	
Net income for the year	$ 301
Items not involving cash	
Amortization	411
Gain on disposal of capital assets	(31)
Increase in non-cash working capital	24
	705
Financing activities	
Legislative appropriation	700
Increase in due to Government of the Yukon	828
	1,528
Investing activities	
Acquisition of capital assets	(2,348)
Proceeds on disposal of capital assets	115
	(2,233)
Change during year, being cash, end of year	**$ 0**

The Agency does not have cash. Cash is held and managed on behalf of the Agency by the Department of Finance, Government of the Yukon.

Fleet Vehicle Agency
(A Special Operating Agency of
Yukon Government Services)
Statement of Accumulated Surplus
For the year ended March 31, 1997
(thousands of dollars)

Legislative appropriation	$ 700
Net income for the year	301
Balance, end of year	**$1,001**

Fleet Vehicle Agency
(A Special Operating Agency of
Yukon Government Services)
Notes to the Financial Statements
For the year ended March 31, 1997

1. Authority and Operations

The Agency was established as a Special Operating Agency under the Fleet Vehicles Agency Charter with the approval of the Cabinet of the Government of the Yukon and commenced operations on April 1, 1996.

The Agency is a program of the Department of Government Services and is responsible for procuring and managing efficient and affordable ground transportation services for government departments and publicly funded agencies. The Agency is accountable for its activities as described in its charter. As a program of the Department, the Agency is subject to government legislation, directives and policy.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles.

Amortization

Capital assets were acquired from the Government of the Yukon on April 1, 1996, at their unamortized cost. Although the Agency is responsible for the operation and safeguarding of the capital assets, the Government of Yukon retains title to the assets.

Capital assets are estimated to have a salvage value at the end of their normal life equal to 10% of the original cost. Amortization is provided on a straight-line basis over the estimated normal life of the asset. Additions during the year are amortized at one-half the normal rate. No amortization is provided for in year of disposition.

The normal life for each asset is as follows:

Passenger cars	7 years
Cargo vans	10 years
Passenger vans	7 years
Pickup trucks	7 years
4 x 4 trucks	6 years
Heavy duty trucks	15 years
Stake trucks	10 years
2 x 4 utility vehicles	7 years
4 x 4 utility vehicles	7 years
Monitoring equipment	3 years

2. Significant accounting policies (continued):

Services provided without charge

The Agency does not record the value of services it receives without charge. These services include the following:

- use of office premises and vehicle parking area which are provided by the Government of the Yukon
- telephone, utilities, office and other overhead costs which are also provided by the Government of the Yukon
- interest free legislative appropriation and other advances from the Government of the Yukon

Pensions

The employees of the Agency are deemed to be employees of the Government of the Yukon. Both the Agency and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Agency is only liable for current contributions which are expensed in the accounts on a current basis.

3. Related party transactions

The Special Operating Agency is related to the following parties in terms of being a program of the Department of Government Services.

Revenue consists of the following:

Government Departments	(thousands of dollars)
Community and Transportation Services	$ 193
Education	108
Economic Development	50
Renewable Resources	653
Government Services	378
Executive Council Office	28
Health and Social Services	104
Justice	103
Tourism	48
Other	3
	1,918

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6. [illegible]

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		([illegible] of dollars)	
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Fleet Vehicle Agency
(A Special Operating Agency of
Yukon Government Services)
Notes to the Financial Statements
For the year ended March 31, 1997

5. Due to Government of the Yukon

Due to Government of the Yukon is a long term advance to the Agency consisting of the following:

- capital assets acquired by the Government of the Yukon prior to establishment of the Agency, for use by the Agency; and
- cash received or disbursed by the Government of the Yukon on behalf of the Agency, since the Agency's establishment at April 1, 1996.

The advance is non-interest bearing and there are no fixed terms of repayment.

6. Legislative Compliance

The Fleet Vehicle Revolving Fund is governed by subsection 44.3 of the Financial Administration Act.

- 44.3 (1) states that the Fund limit shall be $6,000,000. The balance of the Revolving Fund at March 31, 1997, was $1,868,000.
- 44.3 (2) states that the accumulated capital and operations and maintenance expenditures, excluding amortization, shall not exceed the accumulated revenues in the Fund at the time of expenditure. The following schedule shows that this legislative requirement has been met.

	(thousands of dollars)
Revenues from operations	$ 1,681
Legislative appropriation	700
	2,381
Capital expenditures	$
Operations and maintenance expenditures	1,380
Less: Amortization	(411)
	974
Excess of revenues over expenditures, as defined in subsection 44.3(2)	$ 1,407

- 44.3 (3) states that capital expenditures from the fund shall not exceed $1,000,000 in a fiscal year. Capital expenditures for the year ended March 31, 1997, were $5,000.